

CH. 1: THE INDIAN CONTRACT ACT, 1872

UNIT 1: Nature of Contracts

Question No. 1 * *Important*

Ramaswami proposed to sell his house to Ramanathan. Ramanathan sent his Acceptance by post. Next day, Ramanathan sends a telegram withdrawing his Acceptance. Examine the Validity of the Acceptance According to the Indian Contract Act, 1872 in the light of the following:

- The telegram of revocation of acceptance was received by Ramaswami before the letter of Acceptance.
- The telegram of revocation and letter of Acceptance both reached together.

Answer: -

Provision: Section 4 of Indian Contract Act, 1872

- The problem is related with the communication and time of Acceptance and its revocation. As per Section 4 of the Indian Contract Act, 1872, the communication of An Acceptance is complete as against the Acceptor when it comes to the knowledge of the proposer.
- The communication of an acceptance is complete, as against the proposer, when it is put in a course of transmission to him to be out of the power of the acceptor.
- The communication of a revocation is complete, as against the person who makes it, when it is put into a course of transmission to the person to whom it is made, to be out of the power of the person who makes it; & as against the person to whom it is made, when it comes to his knowledge.

Facts of Case:

In given case Ramaswami wants to sell his house to Ramanathan and Ramanathan also sent his acceptance by post. But afterwards the next day Ramanathan changed his mind and sends a telegram for withdrawing his acceptance.

Conclusion:

- Yes, the revocation of acceptance by Ramanathan (the acceptor) is valid.
- If Ramaswami opens the telegram first (and this would be normally so in case of a rational person) and reads it, the acceptance stands revoked. If he opens the letter first and reads it, revocation of acceptance is not possible as the contract has already been concluded.